

DIA, OSD and DOS review(s) completed.

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GENERAL

1. Soviet views on admissions to UN membership--Herschel Johnson reports that in a private talk on 3 July Gromyko indicated that the Soviets would press for inclusion of Rumania, Hungary and Bulgaria, if Italy and Austria were proposed for UN membership. Gromyko appeared "not unfriendly" toward the admission of the European neutrals and Iceland and volunteered the comment that Portugal was not in the same position as Franco Spain.
2. Portuguese fear Soviet duplicity--US Ambassador Baruch reports from Lisbon that the Portuguese Government, while desirous of entering the UN, fears that the Soviets may encourage Portuguese application only to block it at the last moment despite US and British support.
3. Reopening of Azores base negotiations recommended--General Kissner reports from Santa Maria that unless the US reopens negotiations with Portugal not later than 15 July and gains "some definite success" by 2 August, rights which have become effective during ATC operations at Santa Maria will be lost.

Ambassador Baruch also believes that bilateral air negotiations with Portugal should be reopened at the earliest possible moment, but is convinced that Portuguese "political considerations" (see Daily Summary of 8 May, item 1) must be satisfied before this is done.

EUROPE-AFRICA

4. VENEZIA GIULIA: CCS denies request for reinforcements--CCS has informed the Supreme Allied Commander, Mediterranean, that in view of general political considerations and the "unlikely probability" of a general Yugoslav attack it will not grant his recommendation that (a) Venezia Giulia be reinforced by one regimental combat team; (b) the withdrawal of the Yugoslav detachment from Zone A be requested; and (c) he be granted permission to withdraw "at his discretion" the garrison from Pola prior to the outbreak of hostilities.
5. USSR: Soviets censor UNRRA reports--According to the US Military Attache, Soviet censorship of a US correspondent's reports from the Ukraine and Byelorussia "shows definitely" that the Soviets will not

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permit free reporting of UNRRA activities within the USSR. The censors deleted all references to the methods of distributing UNRRA goods, "unsatisfactory" Soviet production figures and shortages of labor and construction material. Moreover, the correspondent was unable to tell his newspaper what items had been eliminated.

Press reaction to Bikini test--The MA also reports that the "general tone" of the Moscow press coverage of the Bikini test "plays down" the effectiveness of the atomic bomb, but at the same time hints at "sinister American plans."

6. BULGARIA: US Missions recommend drastic warning to Government--General Robertson, US Delegate ACC, believes that the continued arrests of Bulgarians employed by the US and espionage against US officials constitute a "bona fide case of subversive activity" against the US by the Bulgarian Militia Commander. Both Robertson and US Political Representative Barnes recommend that the Bulgarian and Soviet authorities be informed that the US contemplates citing before the War Crimes Commission at Nuremburg any official responsible for further espionage and subversive activity against US military personnel.

Soviet troop movements--Robertson also reports that two US officers on a recent visit to eastern Bulgaria noted (a) an apparent slight reduction in Soviet troops; (b) most units under-manned but well-equipped; (c) no signs of disposition for immediate aggressive action; and (d) no evidence of substantial stores of ammunition and supplies.

7. YUGOSLAVIA: Government demands that US return Danube vessels--The Yugoslav Government has notified US Charge Shantz that it proposes to refer to "an international authority" the whole question of the "unjustified retention by the US" of Yugoslav Danubian vessels, unless they are returned to Yugoslavia within "a reasonable time."
8. CZECHOSLOVAKIA: Embassy comments on new Cabinet--Ambassador Steinhardt reports that moderate and leftist groups are evenly balanced in the new Czech Cabinet, which he expects to carry out the "liberal economic measures already begun." He regards the Communist Prime Minister Gottwald as "a man of common sense" and a "thorough Czechoslovak patriot," who is unlikely to embark on further extremist ventures.

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9. **AUSTRIA: Clark's recommendations on German "assets"**--General Clark has reported that the Soviets have issued an order declaring all German "assets" in Eastern Austria to be Soviet state property "under Potsdam." He recommends that the US immediately renounce all claims to German assets in Austria as reparations and that the British and the French be persuaded to do the same. He feels that such action would restore Austria's "faith" in the Western Powers by serving as a contrast to Soviet actions.
10. **ICELAND: Disposal of US installations**--Legation Reykjavik believes that, despite British "return" of base facilities at Reykjavik airport, the US should (a) "take no initiative" regarding the disposal of US Army installations at the airport, and (b) "turn down" any Icelandic approaches. The Legation feels, however, that "it might be advantageous" to declare the Navy's installations at Reykjavik airport surplus (to be disposed of by the OFLC "in a routine manner") since there are no "present or prospective" Navy requirements there.
11. **IRAN: British "counter-offensive" in South**--US Ambassador Allen reports that the British have commenced a general "counter-offensive" against Tudeh "penetration" in Khuzistan province (at the head of the Persian Gulf). A British Colonel in the Anglo-Iranian Oil Company is organizing the tribal Arabs into an "agricultural union" which is expected to demand for Khuzistan autonomy similar to that recently granted Azerbaijan. The Tudeh Party, which has organized the oil workers in Khuzistan, has as yet offered "little open reaction." The Central Iranian Government apparently is willing to have the British and Tudeh factions "fight it out between themselves."
- According to US Consul Abadan, Qavam has instructed the governor of Abadan to incorporate the British-sponsored group into his own new party, the "Democrats of Iran," which the British regard as the "best bet for the future."
- Qavam's arrest of leftist Minister**--Allen attributes Qavam's recent arrest of Sepehr, leftist Minister of Commerce, Industries and Mines, to personal intrigues by Sepehr, notably in connection with Princess Ashraf's visit to the USSR. Allen notes that Sepehr is the first leftist to be arrested by Qavam and that "the immediate reaction of the Tudeh has been unfavorable." Qavam, possibly because of the

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Sepehr incident, is suffering from increasing ill-health, and Allen believes that Firuz, whose sympathies are strongly pro-Soviet, is now able to do "as he pleases in Qavam's name."

12. **LEBANON:** Evacuation of Allied troops--US Minister Wadsworth reports from Beirut that all British troops (except a small "liquidation" contingent) were evacuated from Lebanon by 30 June and that all French troops, except a similar liquidation unit, are to be evacuated by 31 August.
13. **SYRIA:** Response to US air negotiations--Wadsworth reports that he has suggested to the Syrian President the advisability of reopening negotiations with the US for a bilateral air agreement similar to those recently concluded with Egypt and Saudi Arabia. The President welcomed the suggestion, adding that Wadsworth should not be deterred "in matters of this kind" by the Palestine question, which is a "special and international problem" to be settled by the UN.

FAR EAST

14. **N.E.I.:** Dutch sponsor conference--US Consul Batavia reports that Van Mook will preside over the Malino (Celebes) Conference beginning on 15 July. The Dutch are sponsoring the conference to learn the views of regional groups regarding the structure of the future Indonesian state and the relationship of such regions thereto, but Java and Sumatra, because of their "disturbed condition", will not be represented. The Republican press has condemned the Conference "as an example of Dutch imperialism."
15. **CHINA:** Government orders convening of National Assembly--The Commanding General, China Service Command, reports that without consulting the Communists the Supreme National Defense Council issued an order on 4 July setting 12 November as the date for convening the National Assembly. He comments that this action probably serves as an ultimatum to the Communists.

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16. **KOREA: Soviets refuse to grant US Consulate in P'yongyang--**
Ambassador Smith reports that the USSR considers the question of a US Consulate in P'yongyang "exhausted" by the closing of the Soviet Consulate General in Seoul.
17. **INDOCHINA: Viet Nam conference off to a bad start--**Ambassador Caffery reports that the French-Viet Nam Conference got off to a bad start on 6 July at Fontainebleau. The head of the Viet Nam delegation opposed French mutilation of Viet Nam through the creation of an independent Cochin China and accused the French authorities in Indochina of having violated the accords reached in March at Dalat.

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